

## York Buildings: Costs & Savings

<b>Capital Cost</b>	
Estimated cost of refurbishment ( Subject to final accounts)	£1,100,000
Less Affordable Housing Grant ( Homes England Funding)	£303,910
<b>Net Capital Cost to Council (PWLB borrowing required)</b>	<b>£796,090</b>
<b>Cost of Borrowing</b>	
Minimum Revenue Provision (capital repayment based on 2.5% over 40 years fixed)*	£19,902
Loan Interest (2.0% fixed)	£15,922
<b>Net Revenue Cost to Council</b>	<b>£35,824</b>
<b>Income</b>	
Weekly rent for 6 x 1 bed flats ( based upon current Local Housing Allowance rates )	£690.42
<b>Income to Council</b>	<b>£35,902</b>
<b>Annual Surplus</b>	<b>£78</b>

<b>Potential TA Savings</b>	
Net current cost to the council of 6 x one bedroom placements	<b>£72,096</b>

The above Annual Surplus does not include running costs moving forward. Factoring in an annual allowance of 30% of the income to cover these costs, this will result in potential TA Savings of £61,403.

<b>Potential savings to council</b>	
Annual Surplus	£78
Potential TA Savings	£72,096
<b>Total</b>	<b>£72,174</b>
Less estimated running costs	£10,771
<b>Net Savings</b>	<b>£61,403</b>

\*The Minimum Revenue Provision (MRP) is a statutory requirement to put money aside for the repayment of debt. The amount of MRP is determined by the amount of borrowing divided by the expected life of the asset. For property an upper limit of 40 years is suggested. This equates to 2.5% per year.